

## **DAS I/3 INTERIM CUSTOMER COUNCIL MEETING**

January 12, 2006

### **Present:**

Roger Stirler, Department of Education, John Baldwin, Corrections, Charlie Smithson, Ethics; Peggy Sullivan, Judicial; Steve Mosena, Department of Human Services; Penny Westfall, ILEA; Mollie Anderson, DAS Director; Lori McClannahan, DAS-I/3; Sharon Sperry, DAS-I/3; Denise Sturm, DAS/Finance; Deb Madison-Levi, DAS; Cal McKelvogue, DAS; Nancy Williams, DAS/GSE, Julie Sterk, DAS; Pat Deluhery, DAS; Jay Cleveland, DAS; Anieta O'Hair, IWD; James Quinn, IWD; Paula Hutton, Public Defense.

### **Members Absent**

Carl Martin, AFSCME

### **Call to Order**

Meeting called to order by Chairman Roger Stirler at 1:30 p.m.

### **Approval of Minutes – September 8, 2006**

Rich Jacobs noted a correction – Page 3, I/3 Rate Setting, 4<sup>th</sup> bullet should read: Roger summarized.....This is the one where we split out HR/Payroll 100% based on FTE's, budget 50% on revenues and 50% on expenditures, and financial 50% on FTE's, 25% on revenues, and 25% on expenditures.....

Charlie Smithson noted – same page, 3<sup>rd</sup> bullet from the bottom of this section, should read, "lose" instead of "loose".

With above noted corrections, Rich Jacobs moved to approve the minutes as submitted. Steve Mosena seconded the motion. Motion passed.

### **DAS Director Anderson Report**

- DAS Director Anderson just returned from a National Meeting of her peers from across the country. ERP was one of the topics of discussion.
  - Could not find a single state that was delighted with their ERP system.
  - Most felt they had invested significant amounts of dollars, more than Iowa, using various vendors. All vendors have had some difficulty delivering this enterprise system.
  - Most have learned some very painful lessons about these kinds of technology projects:
    - State Government is a very big business.
    - It is very hard to tie all of these systems together.
    - If anyone ever tells you that this is simple business to do, they are lying.
    - This is a new business.
    - Most of the technology companies really can't accurately identify all of the pitfalls and problems associated with the implementation.

- Could not find a single state that had this complete on time or on budget.
- Discussion from vendors regarding their concern about limitations of liability clause.
- We do need to ensure that we hold vendors accountable for delivering the results that they promised.
- Operating Cost for the I/3 system
  - A decision was made at the last meeting to not proceed with the last phase of the system at this point in time.
  - We have a significant list of punch list items.
  - The system's performance has improved slightly since the last meeting.
  - Money is left in the Construction Account and our Legislative body will be interested in what we do with what is left. The money was earmarked for the HR system.
  - We may try to work with DOM to convince them the money should be spent to take care of a number of punch list items we believe would improve the system performance.
  - I would hope the customers would also be willing to support us in the effort to try to not ask for more money for I/3, but to secure the opportunity to use what is there, to get full return on the investment we have already made.
  - We expect the HR phase, when we do it, will cost another roughly \$9 million dollars. That means, there was never enough in there to begin with.
- Summary
  - The system has problems that need to be fixed; our customers deserve better performance out of the system.
  - If it takes more money to fix that, we may need to add to that investment.

#### Q & A's

- Status of funding the SME's in FY07? Director Anderson advised the SME's are included in the Governor's Recommendation, it is for eight SME's.
- The DAS rates will be a topic of discussion with the Legislative body. DAS will take a very active role in ensuring you have \$3.9 million dollars to spend on this system.
- What are we doing to hold the vendors accountable? Director Anderson responded we have some methods in the contract to do that. Cal McKelvogue noted DAS has a signed agreement to move forward with the HR/Payroll through June 30, 2008 to give the next administration the opportunity to decide whether they want to use the integrated portion. For the financial system we are negotiating with the vendor to get them to bring the system to the level contracted to meet the contract.

### **Financial Update – Denise Sturm**

- Ms. Sturm distributed an updated financial report through the end of November for the I/3 utility, for the overall operating costs of I/3.
- Financial information discussed at length
- Ms. Sturm noted this should be treated as “preliminary”, noting this budget was prepared at a time and under some assumptions that are no longer in play.
- Director Anderson noted this balance does not include “construction funds” for the development of the system.
- Ms. Sturm reminded the Council how FY’07 is planned to be funded. We have, asked and received about a \$1 million dollar appropriation to cover the cost of the SME’s.
- Calvin McKelvogue noted it is very important for us to work with various departments to make sure we don’t get into indirect cost over-recovery situation. We worked with the Feds to come up with a methodology they would accept.
- Ms. Sturm advised there would be better information with a projection for you at the February meeting.

### **Update on I/3 System – Sharon Sperry & Lori McClannahan**

Sharon Sperry

- We are completing the brass ring (which replaces the applicant tracking).
- Technical updates:
  - Many nightly cycle improvements, automation and just things that save us time.
  - Improvements on the storage side. Implemented the SVC, which gives us about a 1/3 improvement on our input – output – this means you get your data back faster.
  - Dramatic improvement on the back-up.
  - Monitoring project began in November. The goal is to get problems identified and corrected before users even notice it.

Lori McClannahan

- Update:
  - Consultants came in and talked with various agencies to figure out what their issues were with I/3. Conclusion, the number one issue is stability and reliability.
  - Meeting revolved around ways to improve stability and reliability of I/3. Several of those improvements had already started being implemented.
  - Changing the Help Desk, we are going to change this to an e-mail form versus calling people.
  - Implemented a process, every Friday morning several of us talk to CGI about incidents
  - Developing a better planning process for identifying incidents and tracking them.
  - Prioritizing issues.
  - Re-designing the vendor file.

- Collection of data. We have thousands of vendors that need to be deleted when we go to vendor self-service. We are targeting Spring.
- Retraining - there are 280 users currently that have entered vendors; we know we need to train them all.
- System Assurance Reports in the system, we have to get this done.
- “Tips & Tricks” class, will do this sometime in the spring.
- Newsletter
- Working on Data Warehouse issues.
- Upgrades will be routine and continuous.
- We are asking users for their support. Calvin McKelvogue noted input from the business managers and financial managers are very important to us. We want to be aware of situations.
- Rich Jacobs noted the need to start to get a strategic vision of what I/3 is going to be like in some type of a document that says “over the next 24 months, this is what we intend to accomplish”. Rich also advised, don’t lose sight of the warehouse as being an important component to many of our users.

#### **IWD Discussion (James Quinn & Anieta O’Hair)**

- Discussion
  - James Quinn stated IWD has found, what they consider to be a problem, and wanted to bring to the attention of the I/3 Council.
  - Anieta O’Hair stated IWD’s concern is how the rates are being applied to a certain statistic.
  - IWD’s FY’06 bills for I/3 are being calculated based off of 2004 FTE counts. Anieta stated IWD cannot bill federal programs for budgets, we have to bill for actuals.
  - IWD is asking that the rate calculation be reconsidered, not in the rate itself, but to the statistic in which that rate is applied. IWD would like to see a current statistic used. That is IWD’s appeal; we would ask the Council to reconsider a different statistic in which that rate is applied.
  - James Quinn advised the impact IWD sees right now, by using the 2004 end data for positions, is that IWD is being over-billed about 40 to 45 positions per month.
  - Denise Sturm noted that we are not going to continue to use an average based on the 3<sup>rd</sup> quarter of fiscal ’04 for the FY ’07 rates, which are already passed and have been held out for comment to all customers.
  - James Quinn read from the DAS web printed out on January 5, 2006, with regard to the Q & A for the proposed FY 2006 utility rates – the question was “what does the phrase per person per month mean in relation to the I/3 rate?” The answer was, “the phrase per person, per month is a unit of measure based on the full-time, part-time permanent position for every agency depending upon the specific service the per person per month count is set monthly and adjusted monthly then multiplied by a monthly or annual rate.” This has become a sensitive topic, I don’t know that we ever got any kind of communication this was going to be done differently and

this is still setting out on the web page. We wanted to at least step through this hoop of bringing this issue to your attention and giving you an opportunity to say this is our position on it, then we will either agree or we won't agree.

- Rich Jacobs stated as a council member, I think that each of us take the role we play on various councils very seriously. I do tend to believe the definition Denise Sturm gave, that it was an allocation, is appropriate. One of the things I recall, sitting on two different councils, has always been an issue of how do you provide understandability, stability and fairness. There is a question of fairness there. There is also a question of stability and providing all the agencies the ability to forecast how much their expenditure is going to be. The councils have done a pretty darn good job of sharing, through DAS, the information with the agency directors. The agency chief budget officers should have been aware of how rates were set, they were all given a very lengthy comment period. We take your comments seriously, but we also take the other concerns seriously too.
- Roger Stirler stated he believed the council has asked DAS some very hard questions about what is in these numbers and how these numbers were put together. DAS didn't just go off and meet with HHS on their own, they invited me to that meeting and I sat in on that meeting as well and listened to what was discussed about our old methodology and the new methodology and what we were going to do to make sure we didn't get into any kind of an over-recovery issue
- Charlie Smithson asked, "can you tell me very simply what your issue is and what you are asking this council to do?"
- Anieta responded, IWD is asking is DAS to use a more recent statistic in which the I/3 rate is applied. Currently you have an I/3 rate that has been calculated off of historical 2004 data
- Charlie – "you want it applied in 2006?"
- Anieta – "right, we want it retroactive to July 1."
- Steve Mosena noted we have a constant cost we have to cover for I/3 and all executive branch agencies have been told they will participate; we have to cover those costs. Every agency knew how much they were going to have to budget for starting this fiscal year. They know what they have to budget for FY'07 already
- James Quinn stated, IWD's problem is that our indirect cost rate is based on a percentage of salaries and wages. If our grants decline, so do the FTE's working on those grants decline, that amount of revenue declines and the orgs within IWD that are supported by that indirect cost have got to make reductions. There is no guarantee.
- Rich Jacobs stated the issue here isn't just the budget; it is \$2.4 million dollars of factual anticipated expenditures you are going to spend whether one person logs onto I/3 or 1,000 people log onto I/3. There are fixed amounts of costs to run this service and every agency, whether they remember buying into it or not, every agency has the premise that there

are going to be certain utility charges we are all going to have to assume. This is why I tend to support the concept that this is just an allocation.

- Charlie asked if this would change in FY'07?
- Denise Sturm stated it becomes even more of an allocation, less defined by one statistic, it is designed by three units of statistics.
- Steve Mosena noted, there are several of us that have expressed very strongly, we believe this utility service should be a Leadership service and it should be funded by the Legislature 100%.
- Charlie Smithson stated he would like to see what our Complaint Procedure we adopted allows the Council to do, noting he would like to see IWD's issue is in writing and I would like to see DAS have a chance to respond.
- Charlie Smithson asked that this topic be deferred until the next meeting.

### **Discuss I/3 Business Plan**

Calvin McKelvogue will send out with the minutes, a draft Business Plan for Council to look at. At our next meeting, we will have this on the agenda to discuss it and go through it at that time. It was noted the 2006 Business Plan, at some point, would have to be adopted. Charlie noted under the rules we have to adopt a business plan.

### **Agenda Items for Next Meeting – Roger Stirler**

- When does the interim council expire? (The bylaws state the interim council is expected to expire in October of 2005 – when the I/3 is fully implemented.)
- Date of meeting – Charlie Smithson asked that we consider something besides Thursday afternoons during session. Roger advised in February, we would look at Fridays for room availability (note 2<sup>nd</sup> Friday – mornings – would not work because of GSE Customer Council).

Close and Adjourn – Roger Stirler

Meeting adjourned at 3:15p.m.

Respectfully submitted,  
Nancy Williams